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Washington
Public
Utility
Districts
Association

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October 13, 2005

Mr. Steve Wright
Administrator
Bonneville Power Administration
905 N.E. 11th Avenue
Portland, Oregon 97208

APP ACTION: R-3
cc: FO3, DKN/Wash, L-7, P-6, T/Ditt2

Dear Steve,

I am writing to inform you that the Washington Public Utility Districts Association has decided we will no longer participate in the Transmission Improvements Group/Grid West "convergence" or "integration" discussion hosted by BPA. It has become apparent to us that BPA is determined to move ahead with the ultimate establishment of Grid West as a FERC jurisdictional entity with an "independent board," and that the concepts inherent in TIG are being viewed as a path to the RTO.

The WPUDA has consistently held that we are opposed to creation of an RTO in the Northwest and the transfer of operation or control of BPA's transmission assets to a private entity. We are against allowing BPA's transmission system to come under increased control by FERC. And, we are against creation of a governance board that is not directly accountable to the region. In spite of a great deal of work by our Association and others, including BPA, in developing the TIG alternative, we have not been successful in persuading BPA's management to accept these fundamental tenets.

BPA's convergence "Straw Proposal," developed by a hand-picked group, does not address the WPUDA's concerns, nor those of the majority of public power. In establishing the convergence committee, BPA pointedly did not include the Public Power Council, the organization established to represent all of public power in the Northwest in dealing with these kinds of issues. Nor was the WPUDA included, which is the largest public power organization in Washington State, where 50% of BPA power is sold.

When we approached Syd Berwager and Allen Burns about convening a larger group of stakeholders to discuss the convergence idea, they invited all of the TIG steering committee members and the Grid West RRG to a meeting with the convergence committee. However, when the WPUDA offered ideas – both prior to the meeting and at the October 5 meeting – to address our members' interests and objectives in the convergence Straw Proposal, these ideas were dismissed on the basis that they were not "in keeping with the overall construct or scope" of the Straw Proposal.

The essence of "Option A", which we advanced, was to improve the Straw Proposal to make it both workable from our point of view and consistent with the wishes of the Washington congressional delegation. It proposed to do this by not locking in movement towards Grid West while the TIG improvements were implemented, and by altering the prospective governance mechanism to represent regional stakeholder interests. If the WPUDA can not advance ideas in this forum then our participation does little to protect our customers. Frankly, we do not want to be part of a process that we believe BPA is using to facilitate the establishment of Grid West.

The Washington congressional delegation wrote you on October 5, 2005, asking you to develop an alternative that would not result in "less regional accountability" or "expanded" authority for the FERC, or which would turn "control of [BPA's] transmission system over to a FERC-jurisdictional entity." Yet the Straw Proposal developed by the group picked by BPA does all these things.

The letter from the Washington members of Congress asks that BPA and the region move ahead "with common, agreed-upon items that characterize the Grid West proposal and the [TIG] proposal." This request is ignored in the Straw Proposal, which proceeds with Grid West Decision Points 3 and 4 and the seating of the Developmental Board, clearly things not found in the TIG proposal. The straw proposal merely implements the TIG proposals on the road to establishing Grid West.

BPA seems determined to move forward with Grid West under the guise of the "convergence" proposal. We can not accept this outcome. The abject failure of every other "independent board" in the nation to protect consumers and our consistent position of maintaining regional control of the transmission system do not allow us to be part of a process where our fundamental concerns are excluded from consideration.

We intend to continue to monitor regional transmission issues and participate in forums where we will be able to advance solutions to transmission problems in ways which are constructive and recognize our fundamental concerns. If it appears to us that the Straw Proposal discussions shift focus and embrace these fundamental concerns, the WPUDA would consider rejoining the negotiations.

Sincerely,



Steve Johnson
Executive Director

SJ/sw

cc: Congressional Delegation
Public Power Council